

Message Text

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OMB-01 FEA-01 DODE-00 H-02 INT-05 L-03 NSC-05 PA-01

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TAGS: OECD, ETRD

SUBJECT: OECD GROUP ON PREFERENCES OF TRADE COMMITTEE

SUMMARY: OECD GROUP ON PREFERENCES MET OCTOBER 29 TO REVIEW GSP ISSUES RAISED IN CIEC, UNCTAD IV AND MTN AND IMPLICATIONS FOR ITS FUTURE WORK. COORDINATING ROLE ENVISAGED FOR GROUP. U.S. AND CANADA WARNED THAT EFFORTS TO PROTECT GSP NOT BE USED BLOCK TRADE LIBERALIZATION EFFORTS. GROUP AGREED WORKING GROUP ON RULES OF ORIGIN SHOULD CONTINUE ITS WORK ON ISSUES LIKELY TO BE RAISED IN UNCTAD. GROUP HELD INFORMAL OFF-THE-RECORD DISCUSSION OF FUNDAMENTAL GSP QUESTIONS SUCH AS HARMONIZATION, BURDEN SHARING, LEAST DEVELOPED, AND COMPETITIVENESS CRITERIA AND AGREED TO DISCUSS THEM FURTHER. GROUP ALSO DISCUSSED BRIEFLY RECENT REVISIONS OF INDIVIDUAL SCHEMES AND SECRETARIAT'S DATA COLLECTION EFFORTS. END SUMMARY.

1. OECD WORKING GROUP ON PREFERENCES MET OCTOBER 28.

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DISCUSSION OF GSP IN CONTEXT OF UNCTAD IV, CIEC AND

MTN FOCUSED ON TRADE COMMITTEE'S REQUEST THAT IT HIGHLIGHT MAIN ISSUES REGARDING PREFERENCES AND IMPLICATIONS FOR ITS FUTURE WORK PROGRAM. U.S. REP REVIEWED THE U.S. AND EC PAPERS PRESENTED IN THE DEVELOPMENT COMMISSION OF CIEC EARLIER IN THE WEEK AND ENSUING DISCUSSION (SEE CIEC CABLES). EC (TRAN) URGED THAT GROUP SHOULD BE RESPONSIBLE FOR COORDINATING DONOR COUNTRIES' GSP ACTIVITIES. HE WAS UNHAPPY THAT THIS HAD NOT HAPPENED IN THE PAST AND THOUGHT THAT MORE WEIGHT SHOULD BE GIVEN TO THE GROUP'S WORK. FOR EXAMPLE, HE NOTED THAT BETWEEN NOW AND 1980 DONOR COUNTRIES MUST DECIDE ON HOW LONG TO EXTEND THE SCHEMES BEYOND 1980. ON EC'S PROPOSAL IN CIEC PAPER TO GIVE MORE SECURITY TO SCHEME THROUGH CONSULTATIONS, TRAN SAID EC DID NOT INTEND TO INTRODUCE MORE FORMALIZED PROCEDURES, BUT TO MAKE MORE SPECIFIC AND CLEARER CONSULTATIONS THAT TAKE PLACE (I.E., MORE ORGANIZED APPROACH).

2. JAPANESE REP SAID THAT GROUP SHOULD ONLY DISCUSS TECHNICAL ASPECTS OF GSP AND LEAVE POLITICAL ASPECTS TO CIEC, UNCTAD, AND MTN. SWISS AND SWEDISH REPS SUPPORTED EC SUGGESTION THAT GROUP PLAY COORDINATING ROLE. EC REPLIED ALL ISSUES REGARDING GSP ARE BOTH TECHNICAL AND POLITICAL.

3. TURKEY NOTED ITS STATUS AS A DEVELOPING COUNTRY AND REITERATED ITS POSITION ON GSP (I.E., BIND PREFERENCES IN GATT, PRESERVE PREFERENCE MARGINS IN MTN, GRANT ZERO DUTY AND ELIMINATE QUOTAS ON ALL GSP PRODUCTS, AND EXTEND COVERAGE TO PRODUCTS OF INTEREST TO LDCS).

4. JAPAN, CANADA AND EC ALL REVIEWED THEIR WELL-KNOWN POSITIONS IN MTN AS REGARDS GSP. U.S. NOTED GSP NOT PART OF MTN AS FAR AS WE ARE CONCERNED. CANADA WARNED THAT CONCERN OVER PRESERVING PREFERENCE MARGINS SHOULD NOT BE ALLOWED TO IMPEDE PROGRESS IN LOWERING TRADE BARRIERS AND NOTED IT SEEKING IMPROVED ACCESS ON MANY OF THE SAME PRODUCTS AS LDCS. U.S. REP SAID WE LIMITED OFFICIAL USE

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ALSO SHARE CANADA'S CONCERN. U.S. REP ADDED THAT AS MUCH OF THE SUPPORT FOR GSP IN U.S. BASED ON ITS INTENDED TRADE LIBERALIZATION EFFECT, EFFORTS TO PROTECT GSP MARGINS WHICH MEAN LESS LIBERALIZATION OF TRADE WILL UNDERMINE DOMESTIC SUPPORT FROM THOSE WHO SUPPORT GENERALIZED TRADE LIBERALIZATION. EC SAID THAT IT AGREED WITH U.S. AND CANADIAN STATEMENTS THAT GSP SHOULD NOT BLOCK LIBERALIZATION OF TRADE WITH

QUALIFICATION THAT IT CANNOT AGREE TO LIMITATIONS ON
FREEDOM OF OPERATION OF GSP SCHEMES. EC (HOFMANN)
REITERATED ITS POSITION IN TARIFF GROUP OF MTN THAT
SOME EXCEPTIONS COULD BE MADE FOR PURPOSE OF PRESERV-
ING GSP MARGINS.

5. ON RULES OF ORIGIN SWEDEN (GABRIELSSON) ANNOUNCED
THAT COMPENDIUM OF RULES OF ORIGIN AND REVISION OF THE

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BACK OF UNCTAD CERTIFICATE OF ORIGIN FORM A HAVE BEEN
FORWARDED TO UNCTAD FOR CIRCULATION TO ITS MEMBERS.
GROUP AGREED THAT WORKING GROUP ON RULES OF ORIGIN
SHOULD CONTINUE ITS WORK. GABRIELSSON OUTLINED
FOLLOWING TASKS FOR THE GROUP OF EXPERTS: PREPARE
FOR UNCTAD RULES OF ORIGIN MEETING IN APRIL 1977 A
REVISION OF BACK OF FORM A AS IT MUST BE APPROVED
AT THE UNCTAD MEETING, AND DISCUSS REQUIRED CHANGES

IN RULES OF ORIGIN CRITERIA RESULTING FROM CUSTOM COOPERATION COUNCIL'S CHANGES IN BRUSSELS NOMENCLATURE. GROUP OF EXPERTS MAY ALSO WANT TO DISCUSS QUESTION OF CUMULATION OF ORIGIN AND LIBERALIZATION OF REQUIREMENTS ON DIRECT CONSIGNMENT OF GOODS TO FACILITATE QUALIFICATION FOR GSP TREATMENT.

6. DURING BRIEF DISCUSSION OF CHANGES AND IMPROVEMENTS IN GSP SCHEMES SWISS SAID THAT THEY HAVE DONE MAXIMUM THEY CAN ON GSP AND THAT FURTHER PREFERENCES LIMITED OFFICIAL USE

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FOR LEAST DEVELOPED WOULD HAVE TO MEAN TAKING PREFERENCES FROM OTHER LDCS. NORWAY REMINDED GROUP THAT IT HAS RECENTLY DECIDED TO GRANT DUTY FREE TREATMENT TO ALL PRODUCTS FROM THE LEAST-DEVELOPED COUNTRIES.

7. AT REQUEST OF CHAIRMAN (WINTERMANS OF NETHERLANDS) GROUP MET IN INFORMAL OFF-THE-RECORD SESSION TO DISCUSS FIVE QUESTIONS WHICH CHAIRMAN FELT WERE BASIC FOR FUTURE WORK OF GROUP. QUESTIONS CONCERNED (1) HARMONIZATION OF SCHEMES, (2) SPECIAL MEASURES FOR LEAST DEVELOPED AND DESIRABILITY OF HAVING AGREEMENT ON WHO THEY ARE, (3) BURDEN SHARING, (4) POSSIBILITIES FOR DIALOGUE WHEN LDCS DEMAND EVERYTHING AND (5) DEVELOPING OBJECTIVE CRITERIA FOR DETERMINING THAT A COUNTRY IS COMPETITIVE FOR A CERTAIN PRODUCT. ALTHOUGH DISCUSSION LARGELY INCONCLUSIVE, GROUP GENERALLY SEEMED TO FEEL THAT IT WAS NOT TOO EARLY TO START THINKING ABOUT ITEMS 1, 2, 3 AND 5. ITEM 4 SEEMED TO BE A NON-PROBLEM AND ELICITED NO COMMENT. CHAIRMAN WILL REPORT TO TRADE COMMITTEE THAT GROUP HAD FIRST DISCUSSION ON THESE FIVE ITEMS.

8. ON AGENDA ITEM IN PREPARATION FOR ANALYSIS OF THE GSP, EC AND AUSTRIA ANNOUNCED THAT THEY ARE NOW IN A BETTER POSITION TO SUPPLY DATA TO SECRETARIAT ON OPERATION OF THEIR GSP SCHEMES. CANADA EXPRESSED CONCERN THAT AS A HIGH PERCENTAGE OF ITS IMPORTS FROM LDCS WERE DUTY-FREE EVEN BEFORE GSP WAS IMPLEMENTED, A CHART SHOWING IMPORTS COVERED BY GSP AS PER CENT OF DUTIABLE IMPORTS WOULD GIVE A DISTORTED PICTURE AND BELIEVED CHART SHOULD ALSO SHOW PERCENTAGE OF TOTAL IMPORTS ON WHICH ZERO DUTY IMPOSED.

9. AS GROUP EXPECTED TO HOLD THREE MEETINGS IN 1977 DISCUSSION OF PREPARATIONS FOR UNCTAD PREFERENCES MEETING (JUNE 27-JULY 1, 1977) WAS POSTPONED.
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